

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF IOWA

IN RE:

KEVIN GEORGE SMITH
and SARAH BETH SMITH,

Debtors.

Chapter 7 Bankruptcy
Case No. 24-00638

**MOTION TO APPROVE
COMPROMISE (IDOR)**

COMES NOW Trustee Renee Hanrahan, by and through her counsel, and in support of this Motion respectfully states:

1. Before the Debtors filed their Chapter 7 Petition, the Debtors paid the Iowa Department of Revenue \$73,000, relative to the Debtors' exposure concerning unpaid sales tax due the State of Iowa, resulting from the operation of the Debtors' Subway franchise business.

2. The Trustee posits the aforementioned payment constituted a voidable preference, within the meaning of 11 U.S.C. §547.

3. Via counsel, the Trustee and IDOR have conferred, and the parties have agreed that IDOR will remit cash in the amount of \$36,500 to the Estate, and in return the Estate will issue IDOR a release of any and all Part V claims the Estate and the Trustee may have against IDOR. Additionally, the Estate agrees that IDOR has an allowed priority claim under 11 U.S.C. §507(a)(8) in the amount of \$36,500.

4. Given the amount involved and the costs and delayed occasioned by protracted litigation and appeal, and in light of the defenses alleged by IDOR (such as 11 U.S.C. §547(c)(1) and (c)(2) and (c)(4)), the Trustee submits that settlement at the 50 percent range is fair and reasonable and should be approved.

WHEREFORE, the Chapter 7 Trustee respectfully prays this Court on such notice and hearing as it may direct, enter and enroll an Order authorizing the Trustee and the Estate to enter into the compromise as outlined herein, and to direct the settling parties to do anything and everything reasonably necessary to effectuate a compromise, and for such other relief as may be just and proper under the premises.

/s/ Eric W. Lam

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ATTORNEY FOR TRUSTEE

Certificate of Service

The undersigned certifies, under penalty of perjury, that on this 14th day of February, 2025, the foregoing document was electronically filed with the Clerk of Court using the U.S. Bankruptcy Court, Northern District of Iowa CM/ECF and the document was served electronically through the CM/ECF system to the parties of this case, and a copy of the instrument to which this certificate is attached was mailed via the United States mail with postage fully paid, to:

John Whiteman
Assistant Attorney General
1305 E. Walnut St.
Des Moines, IA 50319

/s/ Kelly Carmichael

RHTE Smith/Pldgs/BA 24-00638/Drafts/Mtn to Compromise - IDOR.021125.607p.ewl